

Cambridge IGCSE™

ECONOMICS**0455/21**

Paper 2 Structured Questions

October/November 2024**MARK SCHEME**

Maximum Mark: 90

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **27** printed pages.

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

**Social Science-Specific Marking Principles
(for point-based marking)**

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require n reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

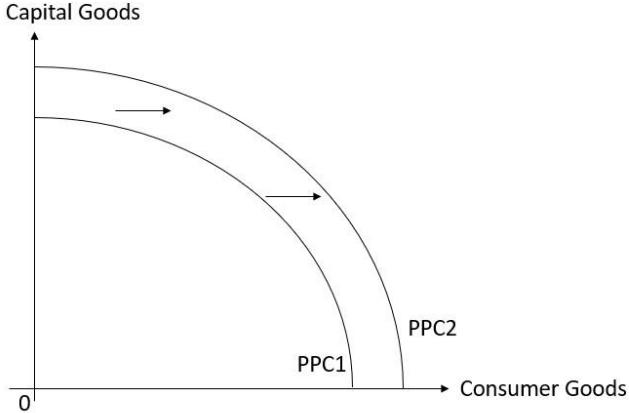
- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Common examiner annotations on 0455/2281/0987 and 2286

	Uncertain what the candidate means – an illogical line of thought	 	MAX
	Benefit of the doubt		Not answered question
	Blank page		Not established – a statement made without any support
	Caret – a word is missing.		Repetition
	Confused		SEEN
	Cross		Tick – a credit worthy point
	Highlight		Too vague
	Nothing creditworthy		To be used when a candidate has misidentified a question they have answered e.g.: This is an answer to Q4(c) and not Q5(c).
	Level 1		
	Level 2		
	Level 3		

Question	Answer	Mark	Guidance
1(a)	Calculate the percentage of the population who were foreign nationals living in the UAE. 89%	1	Accept answer without %
1(b)	Identify <u>two</u> features of globalisation. The increased connection of people from all over the world through migration (1) the trade of goods and services (1) the sharing of ideas (1) technological development (1).	2	
1(c)	Explain <u>one</u> factor that can influence labour mobility between countries. <ul style="list-style-type: none"> • Good transport helping workers to move (1) availability of flights / development of air travel (1) • Technological progress / development (1) increasing quality / quantity of factors production (1) 	2	One mark for a factor identified and one mark for an explanation.
1(d)	Explain <u>one</u> advantage and <u>one</u> disadvantage of producing a product which is price-elastic in demand such as oil. Logical explanation which might include: Advantage: when price increases, there is a less than proportionate fall in quantity demanded (1) revenue generated from the product increases (1) because it's a necessity / has no substitutes (1) Disadvantage: when price decreases, there is a less than proportionate rise in quantity demanded (1) revenue generated from this product decreases (1)	4	One mark for each effect identified and one mark for each explanation. Accept responses that consider perfect price inelasticity (PED = 0)

Question	Answer	Mark	Guidance
1(e)	<p>Explain the relationship between the oil price and the UAE's current account balance.</p> <p>Coherent analysis which might include:</p> <p>Expected relationship: Positive / direct relationship (1) the oil price and the current account balance would be expected to move in the same direction (1).</p> <p>Supporting Evidence: As the % change in the price of oil increases, the % change in the current account balance increases (1) (and vice versa).</p> <p>When oil price goes up, the current account balance goes up, e.g. 2016 – 2018, 2020 – 2022 (1)</p> <p>When oil price goes down, the current account balance goes down, e.g. 2019 – 2020 (1).</p> <p>When the % change in the price of oil is highest, the % change in the current account balance is also the highest e.g. 2021 (1).</p> <p>When the % change in the price of oil is lowest, the % change in the current account is also the lowest e.g. 2020 (1)</p> <p>Analysis: Higher oil prices increase export revenue as demand for oil is inelastic (1) increases inflows into current account (1).</p> <p>Exception: There is no exception evident in the figure (1)</p>	4	Responses do not have to be in the format suggested but they should address the expected / normal relationship, offer supporting evidence of that, and analyse the overall data.

Question	Answer	Mark	Guidance
1(f)	<p>Analyse, using a production possibility curve (PPC) diagram, the effect of technological progress on an economy such as the UAE.</p> <p>PPC diagram:</p> <p>Axes correctly labelled with different outputs (1). Initial curve drawn as a curve / line sloping downward to the axes (1). New curve drawn to the right of the initial curve as a curve / line sloping downward to the axes (1). Shift to the right indicated by arrow or PPC1 to PPC2 (1).</p> <p>Written analysis: Technological progress can increase productive capacity / the economy is able to produce more (1).</p>	5	

Question	Answer	Mark	Guidance										
1(g)	<p>Discuss whether or not luxury tourism and financial services have helped Dubai achieve economic development.</p> <p>Award up to 4 marks for logical reasons why it might, which may include:</p> <ul style="list-style-type: none"> they attract foreign tourists (1) who spend on goods and services in Dubai (1) increasing total demand / economic growth (1) employment is generated (1) increasing incomes (1) and improving living standards (1) increased government's tax revenues (1) may be spent on public services / infrastructure / education / healthcare (1) increased export revenues (1) improve the current account of the balance of payments (1) increase profits of firms in tourism and financial services (1). <p>Award up to 4 marks for logical reasons why it might not, which may include:</p> <ul style="list-style-type: none"> increased pollution (1) environmental damage / external costs e.g. health problems (1) high use of water resources (1) inequality in the distribution of income (1) some workers may be paid much lower than others (1) spending on luxury tourism and financial services may change with income (1) depending on them could be risky (1) workers may lack the skills for these occupations (1) be unable to gain employment to improve living standards (1) 	6	<p>Apply this example to all questions with the command word DISCUSS (1g, 1h, 2d, 3d, 4d and 5d)</p> <p>Each point may be credited only once, on either side of an argument, but separate development as to how / why the outcome may differ is rewarded.</p> <table border="1" data-bbox="1275 481 2001 1044"> <thead> <tr> <th data-bbox="1275 481 1837 541">Generic example</th> <th data-bbox="1837 481 2001 541">mark</th> </tr> </thead> <tbody> <tr> <td data-bbox="1275 541 1837 601">Tax revenue may decrease...</td> <td data-bbox="1837 541 2001 601">1</td> </tr> <tr> <td data-bbox="1275 601 1837 711">because of reason e.g. incomes may be lower.</td> <td data-bbox="1837 601 2001 711">1</td> </tr> <tr> <td data-bbox="1275 711 1837 836">Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.</td> <td data-bbox="1837 711 2001 836">0</td> </tr> <tr> <td data-bbox="1275 836 1837 1044">Tax revenue may increase because of a different reason i.e. <u>not</u> the reverse of a previous argument e.g. government spending on subsidies may stimulate the economy more than spending on education.</td> <td data-bbox="1837 836 2001 1044">1</td> </tr> </tbody> </table>	Generic example	mark	Tax revenue may decrease...	1	because of reason e.g. incomes may be lower.	1	Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.	0	Tax revenue may increase because of a different reason i.e. <u>not</u> the reverse of a previous argument e.g. government spending on subsidies may stimulate the economy more than spending on education.	1
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Question	Answer	Mark	Guidance
1(h)	<p>Discuss whether or not having a fixed exchange rate is beneficial for a country such as the UAE.</p> <p>Award up to 4 marks for logical reasons why it might, that may include:</p> <ul style="list-style-type: none"> • currency has more stability (1) it will not increase / decrease in value (1) avoiding reduced / increased competitiveness (1) • maintains investor confidence in the economy (1) increasing investments (1) increasing total demand / employment (1) • may maintain consumer confidence (1) by controlling inflation (1) • it can be set at a low rate to gain a competitive advantage (1). <p>Award up to 4 marks for logical reasons why might it not, that may include:</p> <ul style="list-style-type: none"> • limits the government's flexibility (1) with monetary policy (1) as interest rate changes (1) may be used to maintain the fixed exchange rate (1) • other macroeconomic objectives cannot be met (1) e.g. if a low exchange rate is fixed, inflation might occur (1) • reserves of foreign currency have to be kept (1) to maintain the exchange rate (1) • the fixed exchange rate might not reflect market conditions (supply and demand) for the currency (1) 	6	Maximum 3 marks for only identifying benefits / disbenefits.

Question	Answer	Mark	Guidance
2(a)	<p>Identify <u>two</u> ways of measuring unemployment.</p> <p>claimant count (1) (labour force) survey (1)</p>	2	
2(b)	<p>Explain <u>two</u> factors that could influence living standards apart from unemployment rates.</p> <p>Logical explanation which might include:</p> <ul style="list-style-type: none"> income / wage levels (1) higher wages allow people to afford more goods and services (1) education (1) high education levels lead greater skills and to better paid jobs / lead to high human development index (1) health standards / healthcare (1) high health standards lead to better enjoyment of life / less illness / better well-being (1) cost of living / inflation rate (1) affecting purchasing power (1) working hours (1) lower working hours gives more leisure time (1) hygiene / sanitation (1) good water quality prevents diseases (1) environmental standards (1) e.g. pollution reduces quality of life (1) availability of public / merit goods (1) e.g. street lights / parks (1) crime rates (1) low crime rates improve safety / quality of life (1) 	4	<p>One mark for each factor identified and one mark for each explanation.</p> <p>Accept arguments which describe reasons for either low / high living standards.</p> <p>Accept answers that give HDI (1) with reference to either GDP per head, education or health.</p>

Question	Answer	Mark	Guidance
2(c)	<p>Analyse how market forces can increase wages.</p> <p>Coherent analysis which might include:</p> <ul style="list-style-type: none"> • an increase in demand (1) for labour (1) may increase wages if the demand for a product increases (1) i.e. derived demand (1), there will be an increase in demand for workers producing that product (1) for example, if price of substitutes such as robots increases, there will be an increase in the demand for human labour (1) • a decrease in supply (1) of labour (1) may increase wages if it is caused by a decrease in the labour force (1) or a decrease in number of people qualified / having skills in that occupation (1). 	6	Reward, but do not expect, answers that analyse this question using elasticity of demand and supply.

Question	Answer	Mark	Guidance		
			Level	Description	Marks
2(d)	<p>Discuss whether or not free trade will increase economic growth.</p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might:</p> <ul style="list-style-type: none"> • may enable countries to specialise on what they are best at producing • higher competition may increase productivity and lower costs of production, increasing demand for their products • may enable firms to buy raw materials and capital goods at a lower price • may give firms access to larger markets, enabling them to expand output. <p>Why it might not:</p> <ul style="list-style-type: none"> • may prevent infant industry from growing • may speed up the closure of declining industries • may replace domestic output with imports • may reduce tax revenue • firms may gain monopoly power and may restrict output • firms may engage in unfair competition e.g. dumping. 	8	3	<p>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</p>	6–8

Question	Answer	Mark	Guidance		
2(d)			2 A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.	3–5	
			1 There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.	1–2	
			0 A mark of zero should be awarded for no creditable content.	0	

Question	Answer	Mark	Guidance
3(a)	<p>Define <i>privatisation</i>.</p> <p>Privatisation is the sale / transfer of assets (1) from the public sector (1) to the private sector (1).</p>	2	
3(b)	<p>Explain how technological innovation can benefit firms.</p> <p>Logical explanation which might include:</p> <ul style="list-style-type: none"> • technological innovation can lead to new / better technology (1) increasing efficiency / productivity (1) • higher levels of output (1) economies of scale / reducing average cost (1) leading to lower prices (1) attracting consumers (1) leading to higher profits (1) • improved / faster capital equipment / IT systems / software (1) producing better quality products (1) • more capital-intensive firms (1) reduced labour costs (1) reduced errors (1). 	4	<p>One mark for each identification and one mark for each relevant explanation.</p>

Question	Answer	Mark	Guidance
3(c)	<p>Analyse the effects of increased competition amongst firms.</p> <p>Coherent analysis which might include:</p> <ul style="list-style-type: none"> lower price (1) as firms try to attract more consumers (1) this will benefit consumers (1) but could cause firms to close down (1) improved quality / innovation (1) such as longer-lasting products / products that provide more satisfaction to consumers / products that consumers want to buy (1) increased choice (1) consumers can choose between different firms for products (1) reduced profits for firms (1) costs may increase because of the need to improve quality (1) each firm will have fewer consumers since demand will be distributed between more firms (1). firms may need to spend more on advertising / marketing (1) increasing costs (1) this may cause external costs e.g. pollution (1) but may provide better information to consumers (1). 	6	Accept lower quality (1) due to firms reducing costs (1)

Question	Answer	Mark	Guidance		
		8	Level	Description	Marks
3(d) Discuss whether or not improving education can help a government achieve its macroeconomic aims.	<p>In assessing each answer, use the table opposite.</p> <p>Why it might:</p> <ul style="list-style-type: none"> • a more skilled / productive workforce attracts more investments leading to higher total demand and economic growth • improved education can make finding work easier and may lead to full employment / lower unemployment • high productivity could lead to lower average cost of production leading to more stable prices / low inflation • higher level of exports leads to more balance of payments stability • education could give everyone the chance to get a well-paid job leading to a more equal redistribution of income. <p>Why it might not:</p> <ul style="list-style-type: none"> • improving education requires increased government expenditure leading to higher total demand and may cause inflation • improved education in the country could lead to emigration of skilled workers, causing lower economic growth • there might not be enough jobs for those highly qualified leading to increase unemployment amongst graduates / underemployment • better education might only be accessible to those on higher incomes, therefore increasing inequality in income distribution 	3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.	6–8	

Question	Answer	Mark	Guidance		
3(d)	<ul style="list-style-type: none"> a better educated workforce may demand higher wages causing increase costs of production, decreasing price competitiveness, worsening the current account of the balance of payments the gains from improved education are long term, not short term. 		2	A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.	3–5
	1		There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.	1–2	
	0		A mark of zero should be awarded for no creditable content.	0	

Question	Answer	Mark	Guidance
4(a)	<p>Identify <u>two</u> methods of trade protection apart from a tariff.</p> <p>Two from non-tariff barriers:</p> <ul style="list-style-type: none"> • import quotas • subsidies • embargoes / bans • licences • product standards / regulations 	2	Accept any relevant methods.
4(b)	<p>Explain how the price of coffee substitutes and complements can affect the demand for coffee.</p> <p>Logical explanation which might include:</p> <p>Relationship between price and demand of substitutes is positive (1) when price of coffee substitutes increases, demand for coffee increases, or vice versa (1) because as price of coffee substitutes increases, coffee is relatively cheaper (1) demand for the substitute will decrease, and the demand for coffee will increase (1) e.g. coffee and tea (1).</p> <p>Relationship between price and demand of complements is negative (1) when price of coffee complements increases, demand for coffee falls or vice versa (1) because as price for coffee complements increases, the demand for the complement will fall, and therefore the demand for coffee will decrease (1) e.g. coffee and sugar (1).</p>	4	Maximum of 3 marks if only substitutes or complements are explained.

Question	Answer	Mark	Guidance
4(c)	<p>Analyse the possible reasons why a government may want to intervene in a market.</p> <p>Coherent analysis which might include:</p> <p>Government may want to intervene in a market due to market failure / when the market mechanism leads to inefficient allocation of resources (1)</p> <p>Reasons for intervention:</p> <ul style="list-style-type: none"> • to provide public goods (1) not provided by the market (1) due to non-rivalry / non-excludability (1) creating the free rider problem / no profit-incentive for private producers (1) • to provide merit goods (1) under-consumed and under-produced by the market (1) external benefits which are ignored by the market (1) e.g. vaccinations (1) • to reduce provision of demerit goods (1) over-consumed and over-produced by the market (1) external costs are ignored by the market (1) e.g. pollution (1) • to reduce monopoly power (1) that creates high prices (1) while reducing consumer choices (1) and reducing quality (1) • to reduce factor immobility (1) factors of production unable to move around to its best possible use (1) e.g. labour immobility where workers cannot move around (1) and therefore are unemployed (1) • to protect consumers of essential items (1) by setting a maximum price (1) keeping the price below the market price (1) • to protect low paid workers (1) by setting a minimum wage (1) keeping the wage above the market wage (1) • to give subsidies / impose tariffs (1) e.g. protect infant industries (1) so that they can grow in the long-term / protect employment (1). 	6	Maximum of three marks for identification of reasons

Question	Answer	Mark	Guidance		
		8	Level	Description	Marks
4(d) Discuss whether or not high tariffs can reduce unemployment. In assessing each answer, use the table opposite. Why it might: <ul style="list-style-type: none">high tariffs lead to increase price of imports reducing the demand for importshigh tariffs make consumers choose domestic products instead which increases demand for domestic workershigh tariffs provide government with extra revenue which could be used to subsidise domestic firms / domestic employmenthigh tariffs can be a major source of tax revenue. Some of this could be spent on e.g. education and training which will increase workers' skills and mobility, and so reduce unemployment. Why it might not: <ul style="list-style-type: none">high tariffs lead to retaliation which leads to decrease in demand for exports and therefore decrease demand for domestic workershigh tariffs still not enough to offset lower cost of importsdomestic production may not be able to increase due to full employment / lack of natural resourceshigher prices of imported raw materials could increase costs of production, so reducing profits and lowering outputdomestic prices may rise as domestic firms become complacent as they are protected.		3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.	6–8	

Question	Answer	Mark	Guidance	
4(d)			2	A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.
			1	There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.
			0	A mark of zero should be awarded for no creditable content.

Question	Answer	Mark	Guidance
5(a)	<p>Define labour mobility.</p> <p>The ability of workers to move (1) occupationally (1) or geographically (1) to take up another job (1).</p>	2	
5(b)	<p>Explain the effects of an ageing population on spending and saving levels.</p> <p>Logical explanation which might include: An ageing population may mean fewer people are working and not earning an income (1) therefore savings need to be withdrawn to fund living (1) and therefore savings will decrease (1).</p> <p>An ageing population may mean people have reached an age where they do not need to save for the future (1) have accumulated savings (1) therefore spending increases (1).</p> <p>An ageing population may mean more people are approaching retirement / have reached retirement (1) there may be an increase in saving to support living standards in retirement (1) and decrease current spending (1).</p>	4	Maximum of 3 marks for a relevant explanation of either spending or saving.

Question	Answer	Mark	Guidance
5(c)	<p>Analyse how a rise in tourism can increase inflation an economy.</p> <p>Coherent analysis which might include:</p> <p>Tourism leads to an increase in demand for resources (1) e.g. food or accommodation (1) therefore these prices will increase (1) causing demand-pull inflation (1).</p> <p>Tourists may have higher incomes (1) and higher purchasing power (1) therefore, producers are able to charge higher prices (1) and those living the country will have to pay higher prices as well (1).</p> <p>Depletion of resources due to tourism (1) decreases supply of these resources (1) increases the price of these resources for everyone (1).</p> <p>Increased demand for factors of production in tourism e.g. labour (1) increases costs of production (1) may cause cost-push inflation (1).</p>	6	

Question	Answer	Mark	Guidance		
			Level	Description	Marks
5(d)	<p>Discuss whether or not fiscal policy is effective in reducing poverty.</p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might:</p> <ul style="list-style-type: none"> • policy measures to promote economic growth may increase investment and create jobs • increased spending on education providing more qualifications / skills, making it easier to find jobs, higher wages • more generous state benefits increasing income • progressive taxation may increase government revenue and allow more spending to reduce poverty. • cuts in indirect taxation e.g. VAT, may lower prices of goods and services, enabling the poor to buy more and reduce poverty. <p>Why it might not:</p> <ul style="list-style-type: none"> • contractionary fiscal policy / increased taxes could lead to more people losing jobs / income. • expansionary fiscal policy / tax cuts may be inflationary, causing higher prices for essential items and increasing poverty • education may only be accessible to those not in poverty • state benefits may lead to a cycle of poverty • progressive taxation may lead to brain drain and therefore less government revenue. • cuts in higher income tax rates may not reduce absolute poverty but may increase relative poverty. 	8	3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.	6–8

Question	Answer	Mark	Guidance	
5(d)			2	A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.
			1	There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.
			0	A mark of zero should be awarded for no creditable content.